

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 96-137-W/S - ORDER NO. 97-407
MAY 15, 1997

IN RE: Application of Tega Cay Water) ORDER DENYING
Service, Inc. for Approval of) PETITION FOR
an Increase in Rates and Charges) APPROVAL OF
for Water and Sewer Service.) LETTER OF CREDIT

This matter comes before the Public Service Commission of South Carolina ("Commission") on the Petition for Approval of Letter of Credit ("Petition") filed by Tega Cay Water Service, Inc. ("Company"). By its Petition, the Company requests that the Commission approve the Company's letter of credit as its proposed surety in order that the Company may place certain rates and charges into effect pending judicial review of the Commission's decision in the instant proceeding. The Company's Petition was submitted pursuant to S.C. Code Ann. §58-5-240(D) (Supp.1996). The City of Tega Cay ("City"), an intervenor in this Docket, filed a Statement of Opposition to the Company's Petition.

On July 26, 1996, the Company filed an application with the Commission by which the Company sought approval of a new schedule of rates and charges for water and sewer services. On December 23, 1996, the Commission issued its Order No. 96-879 in which the Commission denied the Company's proposed schedule of rates and charges. Thereafter, the Company duly petitioned for rehearing or

reconsideration of Order No. 96-879, and by Order No. 97-126, dated February 13, 1997, the Commission denied the Company's request for rehearing or reconsideration. On March 14, 1997, the Company filed a Petition for Judicial Review with the Court of Common Pleas for Richland County in which the Company seeks a review of the Commission's decision in Order Nos. 96-879 and 97-126.

S.C. Code Ann §58-5-240 (Supp.1996) provides in relevant part as follows:

[i]f the Commission rules and issues its order within the time aforesaid, and the utility shall appeal from the order, by filing with the Commission a petition for rehearing, the utility may put the rates requested in its schedule into effect under bond only during the appeal and until final disposition of the case. Such bond must be in a reasonable amount approved by the Commission, with sureties approved by the Commission, conditioned upon the refund, in a manner to be prescribed by order of the Commission to the persons, corporations, or municipalities, respectively, entitled to the amount of excess, if the rate or rates put into effect are finally determined to be excessive; or there may be substituted for the bond other arrangements satisfactory to the Commission for the protection of the parties interested.

By its Petition, the Company requests the Commission to authorize an irrevocable standby letter of credit in the amount of \$680,000. The amount of \$680,000 represents revenues of one and one-half ($1\frac{1}{2}$) times the additional annual revenues from the Company's proposed rates and charges for the equivalent of two (2) years, which is the expected time for final disposition of the appeal. The Company offers that the amount and the letter of credit are adequate to secure any refunds which may be required

upon conclusion of the Company's appeal. The Company provided the letter of credit for the Commission's review.

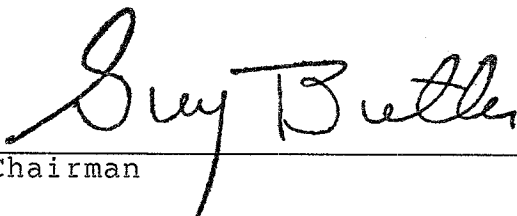
Upon consideration of this matter, the Commission must deny the Company's Petition. A review of the letter of credit indicates that the letter of credit expires on April 30, 1998, which is one year from the issuance of the document. By its Petition, the Company acknowledges that the expected time for final disposition of the appeal is two years. Therefore, the Commission finds and concludes that a letter of credit with an expiration date of one year from the date of issuance is not sufficient surety to insure protection of the parties and the public.

IT IS THEREFORE ORDERED THAT:

1. The Company's Petition for Approval of Letter of Credit is denied.

2. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:


Executive Director

(SEAL)